

CITY OF MANNING

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD
JULY 1, 2020 THROUGH JUNE 30, 2021

T.P. ANDERSON & COMPANY, P.C.
Certified Public Accountants

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CITY OF MANNING

OFFICIALS

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-----------------------------------|------------------------------|---------------------|
| Joe Maas | Mayor | January 2022 |
| Robert Ehlers | Mayor Pro-tem/Council Member | January 2024 |
| Kyle Arp | Council Member | January 2022 |
| Lonny Rowedder | Council Member | January 2022 |
| Richard Johnson | Council Member | January 2022 |
| Elizabeth Leo (resigned May 2020) | Council Member | January 2024 |
| Ryan Doyel | Council Member | November 2021 |
| Dawn Meyer | City Administrator/Clerk | Indefinite |

City of Manning



T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and Members of the City Council:

We performed the procedures below, which were established at Iowa Code Chapter 11.6 to provide oversight of Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Manning for the period July 1, 2020 through June 30, 2021, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Manning's management, which agreed to the performance of the procedures performed, is responsible for compliance with these requirements and for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The City of Manning's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to report, in accordance with Chapter 11.6 of the Code of Iowa, recommendations pertaining to selected accounting records and related information of the City including the City's compliance with certain Code of Iowa requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed are summarized as follows:

1. We observed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6), and 380 of the Code of Iowa.
2. We obtained an understanding of the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We observed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and observed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We scanned City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We observed the City's fiscal year 2021 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.
7. We scanned investments to determine compliance with Chapter 12B of the Code of Iowa.

8. We scanned depository resolutions, the City's investment policy and reporting of unclaimed property to the State of Iowa to determine compliance with Chapters 12C.2, 12B.10B, and 556.1(12) of the Code of Iowa.
9. We scanned debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384, and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. We scanned selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. We observed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. We traced selected receipts for accurate accounting and consistency with the recommended COA.
13. The City has no voter approved levies as of June 30, 2021.
14. We traced selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA, and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
15. We traced transfers between funds to proper authorization and accurate accounting and determined whether proper.
16. We traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether proper.
17. We observed the annual certified budget for proper authorization, certification, and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were engaged by the City of Manning's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the City, including compliance with specific Code of Iowa requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Manning and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is to report, in accordance with Chapter 11.6 of the Code of Iowa, certain agreed-upon procedures and the resulting recommendations pertaining to selected accounting records and related information of the City, including the City's compliance with certain Code of Iowa requirements. This report is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Manning during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

T.P. Anderson & Company, P.C.

November 30, 2021

Detailed Recommendations

City of Manning

Detailed Recommendations

For the period July 1, 2020 through June 30, 2021

- (A) Segregation of Duties – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements. Generally, one individual has control over each of the following areas for the City:

- (1) Cash – handling, reconciling, and recording.
- (2) Receipts – opening mail, collecting, depositing, recording, reconciling, and posting.
- (3) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling, and recording.
- (4) Payroll – recordkeeping, preparing, and distributing.
- (5) Utilities – billing, collecting, depositing, and posting.
- (6) Financial reporting – preparing and reconciling.
- (7) Journal entries – preparing and recording.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations and journal entries should be documented by the signature or initials of the reviewer and the date of the review. Additionally, council members should review bank statements and payroll records regularly.

- (B) Business Transactions – Business transactions between the City and City officials or employees which may represent conflicts of interest are detailed as follows:

| Name, Title, and Business Connection | Transaction Description | Amount |
|---|-------------------------|-----------|
| Kathy Schwaller, Deputy City Clerk, Son is owner of Danner Lawnsapes | Landscaping, trees, etc | \$3,170 |
| Robert Ehlers, Council Member, Part owner of NAPA | Parts and repairs | \$3,625 |
| Jason Resmussen, Planning & Zoning Commission Owner of Rasmussen Lumber Company | Parts and supplies | \$13,645 |
| Todd Stadtlander, Library Board Owner of Manning Insurance Agency | Insurance premiums | \$102,039 |
| Pam Kusel, Historic Preservation Comm. Owner of Manning News Journal | Subscriptions | \$792 |

City of Manning

Detailed Recommendations

For the period July 1, 2020 through June 30, 2021

| | | |
|----------------------------------|-------------------|---------|
| Scott Girard, Police Officer | | |
| Part owner of SMB Garage LLC | Repairs | \$165 |
| Ryan Doyel, Council Member | | |
| Wife and mother cleaning charges | Cleaning services | \$2,750 |

In accordance with Chapter 362.5(3)(k) of the Code of Iowa, the above transactions may represent conflicts of interest since certain transactions were more than \$6,000 during the fiscal year and were not competitively bid.

Recommendation – The City should be aware of this requirement and obtain competitive quotes for services over the transaction limit noted above.

- (C) Deficit Fund Balance – The City had deficit fund balances in the TIF Fund and the Housing & Urban Renewal Fund of \$124 and \$30,973, respectively.

Recommendation – The City should work to eliminate deficit fund balances through operations and transfer of fund.

- (D) City Council Minutes – Chapter 372.13(6) of the Code of Iowa requires minutes of all City Council proceedings to be published within fifteen days of the meeting. Minutes for one meeting tested were not published within fifteen days.

Recommendation – The City should comply with the Code of Iowa and publish meeting minutes within fifteen days, as required.